

Report for Congress

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TANF Reauthorization: Side-by-Side Comparison of Current Law and Two Versions of H.R. 4737

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TANF Reauthorization: Side-by-Side Comparison of Current Law and Two Versions of H.R. 4737

Summary

The House of Representatives and the Senate Finance Committee have approved very different bills to continue the block grant program of Temporary Assistance for Needy Families (TANF) for another 5 years.

The House-passed version of H.R. 4737 embodies basic concepts proposed in February by President Bush. These include requiring states to engage more adult recipients in a more restrictive list of work activities for more hours weekly, adding funds for marriage promotion, and authorizing waivers of existing law and regulations across a broad array of programs for low-income families. The House bill requires adult recipients to engage in work or alternative self-sufficiency activities defined by the state for an average of 40 hours weekly (up from 30 in current law), with 24 core hours in one of six direct work activities (up from 20 now required in priority activities). The Senate Finance Committee bill continues the 30 hour work week, but increases core hours from 20 to 24 (except for parents of a child under 6) and adds new countable activities. It adds funds for marriage promotion. It allows extensions of current TANF waivers and requires approval of requests for similar new waivers. Both bills increase work participation rates to 70% (now 50%) by FY2007. The Senate Committee bill replaces the existing caseload reduction credit, which lowers states' required work rates for caseload reduction with an employment credit, which adjusts work rates to take account of persons who leave TANF and obtain jobs.

Some other major differences include: the Senate Committee bill increases appropriations for entitlement child care funding by \$5.5 billion over 5 years, the House bill, by \$1 billion; the Senate Committee bill extends transitional Medicaid for 5 years, the House bill, for 1 year; the Senate Committee bill allows states to give federally funded TANF to legal aliens who entered after August 22, 1996 and to give Medicaid and SCHIP to pregnant women and children who are legal immigrants; the House bill makes no change to immigrant eligibility. The Senate Committee bill increases supplemental grants by \$122 million and makes seven new states eligible for them. Unique to the House bill is a provision ending family benefits at least 1 month for failure to comply with work requirements for 2 months.

Both bills require the federal government to share in the cost of child support collections distributed to TANF families (within dollar limits), but the Senate Committee bill has higher dollar limits. Both adopt the concept of "universal engagement" in work or work-related activities, requiring states to develop individualized plans for adult recipients. The Senate Committee bill creates some new grants, including at-home infant care grants, abstinence first programs, teen pregnancy prevention centers, transportation grants. The Congressional Budget Office (CBO) estimates that the House bill would raise mandatory budget authority by \$2.2 billion over 5 years (with \$1.3 billion of the increase for TANF grants and \$1 billion for child care) and that the Senate Committee bill would raise mandatory budget authority by \$11.5 billion over 5 years, chiefly due to increases of \$5.5 billion for child care, \$2.7 billion for Medicaid, and \$2.6 billion for TANF grants.

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TANF Reauthorization: Side-by-Side Comparison of Current Law and Two Versions of H.R. 4737

Congress must determine on what terms to continue the block grant program of Temporary Assistance to Needy Families (TANF), which is scheduled to expire September 30, 2002. The program provides time-limited, work-conditioned cash aid to some 5.3 million persons in 2.1 million families (as of December 2001) plus various services to other families, some of whom are working poor. The national family cash welfare caseload has fallen by more than 50% since Congress in August 1996 abolished the programs of Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS) training, and Emergency Assistance and replaced them with TANF. Creation of TANF ended a 61-year entitlement to welfare for some families whose states found them needy and replaced unlimited federal funding with fixed annual block grants (\$16.5 billion). TANF greatly enlarged state discretion in design and operation of welfare. It also enlarged the purposes of family assistance beyond the traditional ones of enabling families to care for their children at home and promoting self-sufficiency. The two new goals are to reduce out-of-wedlock pregnancies and to encourage the formation and maintenance of two-parent families.

Many factors helped to shrink the TANF caseload since 1996, including the “Work First” culture, the strong economy in the first years, tougher work sanctions, the time limit, and use of short-term payments to divert applicants from enrollment. Not only has enrollment plunged under TANF. The character of the rolls has changed. The share of recipients who combine welfare and work has risen sharply (from 11% in FY1996 to 26% in FY2000). The share of “child-only” cases, which are free of work and time limit rules, has climbed above one-third nationally, and above 50% in nine states. The smaller caseload holds a rising proportion of black and Hispanic families. To promote work, TANF programs use tough work sanctions, liberal work rewards, and “Work First” policies. Many states offer new services aimed at TANF goals for a broad non-cash welfare population. Before TANF, 75% of total family welfare outlays were for ongoing cash benefits, but in FY2000 cash aid (including some new kinds of payments) accounted for only 64% of the total.

Two major TANF reauthorization bills have received action in the 107th Congress. By a largely partisan vote (229-197), the House approved the Personal Responsibility, Work, and Family Promotion Act (H.R. 4737) on May 17. The Senate Finance Committee on June 26 approved a substitute version of H.R. 4737, the Work, Opportunity, and Responsibility for Kids Act (WORK). The Committee vote was 13-8, with three Republicans voting yes and Senate Majority Leader Daschle, who objected that child care funding was inadequate, voting no. The table

in this report compares current TANF law with the two versions of H.R. 4737. Using a side-by-side format, the table compares provisions affecting TANF, Medicaid, child support, child welfare, immigrants, the Social Services Block Grant, and Supplemental Security Income. It does not include extension of custom user fees (Senate committee bill) or three “taxpayer protection” provisions (House bill).

Table 1. Comparison of Current TANF Law with the House-Passed H.R. 4737 and the Senate Finance Committee Substitute for H.R. 4737

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Short Title	P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended. (P.L. 104-193)	The Personal Responsibility, Work, and Family Promotion Act of 2002.	The Work, Opportunity, and Responsibility for Kids Act of 2002.
Findings	Made a series of findings related to marriage, responsible parenthood, trends in welfare receipt and the relationship between welfare receipt and nonmarital parenthood, and trends in and negative consequences of nonmarital and teen births.	Makes a series of findings related to: (1) the success of the 1996 law in moving families from welfare to work and reducing child poverty; (2) progress made by the Nation in reducing teen pregnancy and births, slowing increases in nonmarital births, and improving child support collections and paternity establishment; and (3) the flexibility provided by the 1996 law for states to develop innovative programs. Establishes the sense of Congress that increasing success in moving families from welfare to work and promoting healthy marriage and other means of improving child well-being are important government interests and the policies in federal TANF law (as amended by this bill) are intended to serve those ends. [Section 4]	Finds that the 1996 law made a fundamental change, shifting welfare from an entitlement into a transition program. Makes a series of findings related to developments under TANF: reduction in cash caseloads, increase in employment, increased share of welfare spending for work supports. Calls for increased investments in child care and other work supports, an end to discrimination against two-parent families, a range of services for families with multiple work barriers, and self-sufficiency plans for each family. Says studies indicate that disparate racial treatment has occurred. Finds that welfare reform has worked because it is a flexible partnership with the states. [Section 4]
TANF Goals			
Purpose of TANF	The purpose of TANF is to increase state flexibility in operating a program designed to: (1) assist needy families so that children may live in their homes or those of relatives; (2) end dependence of needy parents on government benefits; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of two-parent families. [Section 401 of Social Security Act (SSA)]	Revises the overall purpose of TANF as to improve child well-being by increasing state flexibility in operating a program designed to: (1) provide assistance and services to needy families so that children may live in their homes or those of relatives, (2) end dependence of needy parents on government benefits; (3) reduce out-of-wedlock pregnancies; and (4) encourage the formation and maintenance of healthy, two-parent married families and encourage responsible fatherhood. [Section 101]	No change from current law.

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
TANF Funding			
Family assistance grants	Capped grants (entitlements to states). Basic grants computed from federal expenditures for TANF's predecessor programs during FY1992 through FY1995. Basic grants frozen for FY1997-FY2002. Nationally, annual grants total \$16.5 billion for the states and the District of Columbia (D.C.). Additional amounts are provided for the territories. [Section 403(a)(1) of SSA]	Retains basic block grants, and extends them through FY2007. Appropriates \$16.5 billion annually for block grants to the states and D.C. and additional amounts for the territories (plus some matching grants for the territories). No change from current funding levels. [Section 102]. Note: Basic grants plus supplemental grants equal \$16.8 billion.	Same as House bill. However, treats supplemental grants (see below) as part of the basic grant. [Section 101] Note: Basic grants plus enlarged supplemental grants equal \$16.9 billion.
Supplemental grants for certain states	Supplemental grants for 17 states with low historic federal grants per poor person and/or high population growth for FY1998-FY2001 (extended through September 30, 2002 at FY2001 funding level by P.L. 107-147). Grants grew each year, from \$79 million in FY1998 to \$319 million in FY2001. [Section 403(a)(3) of SSA]	Reestablishes annual supplemental grants for 4 years, through FY2006, freezing them at the FY2001 level of \$319 million. [Section 104]	Revises and enlarges supplemental grants. Appropriates \$441 million annually for grants to 24 states for 5 years. Bases new supplemental grants on below-average per capita income. (Seven states receive supplemental grants for the first time, and 10 current recipient states receive increased amounts.) [Section 101] (As noted above, treats supplemental grants as part of the basic grant.)
Contingency fund	Capped matching grants (\$2 billion) provided in case of recession for FY1997-FY2001 (extended through September 30, 2002 by P.L. 107-147). For access to contingency dollars, states must spend under the TANF program a sum of their own dollars equal to their pre-TANF spending—maintenance-of-effort (MOE) requirement. To qualify, states also must meet one of two tests of "need"— increases in the unemployment rate or the food stamp caseload. [Section 403(b) of SSA]	Reestablishes a \$2 billion contingency fund through FY2007. Permits states to count child care spending and spending in separate state programs toward state spending required to access contingency fund. Simplifies annual reconciliation process. Adjusts food stamp "needy state" trigger for policy changes made after passage of 1996 welfare law. [Section 106]	Reestablishes \$2 billion contingency fund through FY2007. Reduces MOE spending requirement, alters unemployment and food stamp needy state triggers (by ending an absolute measure for the unemployment trigger and measuring the food stamp caseload increase over a more recent period), and adds a TANF caseload trigger. Provides that a state's needy status continues until relevant data fall to the level that first qualified the state as needy. Requires that food stamp and TANF caseload increases for initial needy status and that elevated caseloads for continued needy status be "largely due" to economic factors. Bases grants on benefit cost of TANF caseload increases, but caps grants at 10% of state's

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			basic TANF grant. Requires states to spend 70% of all TANF funds (other than welfare-to-work funds) for access. [Section 102]
Loan fund	Provided a \$1.7 billion revolving and interest-bearing federal loan fund for state welfare programs. [Section 406 of SSA]	Repeals loan fund. [Section 108]	Repeals loan fund. [Section 109]
Funding for Indian tribes and Alaska Natives	Earmarked funds (from state family assistance grants) for direct administration by applicant tribes and Alaska native organizations. Appropriated \$7.6 million yearly for tribal employment programs (Native Employment Works) [Section 412 of SSA]	Extends TANF tribal family assistance grants and NEW (job training) grants through FY2007. [Section 114]	Extends TANF tribal family assistance grants through FY2007, makes tribes eligible for TANF contingency funds. Appropriates \$185 million over 5 years for consolidated job training and \$75 million (over 4 years) for tribal TANF improvement. DOL Secretary is to make formula grants for direct services under the new tribal employment services program to Indian tribes, tribal organizations and Alaska Native organizations. Funds may be used to provide any service useful in preparing beneficiaries to enter or reenter the workforce, hold a job, or advance in a job (examples of permitted services include counseling to promote marriage). Normal TANF time limit and work rules do not apply to the tribal employment services program, and its expenditures are not considered TANF expenditures. HHS must provide for an orderly closeout of activities under the current (NEW) work program. The tribal TANF improvement fund is to provide three kinds of grants: human services infrastructure (\$35 million); assistance in improving reservation economies (\$35 million), and technical assistance in grant application and grant and program administration and coordination (including peer-learning and feasibility studies (\$5 million). [Section 601]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
		For research grants concerning Indian programs, see Research, Evaluations, and Studies below.	Allows an Indian tribe, tribal organization or intertribal consortium to operate Title IV-E foster care and adoption assistance programs. See Child Welfare below. For research grants concerning Indian programs, see Research, Evaluations, and Studies below.
Welfare-to-work grants	Appropriated \$3 billion for grants in FY1998 and 1999 to help persons with specified work barriers move into the workforce. [Section 403(a)(5) of SSA] Congress has extended the spending deadline to September 30, 2004 [P.L. 106-554].	No change from current law.	No change from current law.
Bonus for decreasing nonmarital births	Appropriated \$100 million yearly for bonuses to the five states with the largest percentage decline (over recent 2 years) in the out-of-wedlock birth ratio. To qualify states had to reduce their abortion rate below that of FY1995. [Section 403(a)(2) of SSA]	Ends the nonmarital birth bonus, replaces it with marriage promotion grant (below) [Section 103]	Ends the nonmarital birth bonus, replaces it with marriage promotion grant (below) [Section 301]
High performance bonus	Appropriated an annual average of \$200 million through FY2003 (\$1 billion over 5 years) for bonuses to “high performing states,” judged by success in achieving TANF goals. For first 3 years awards were based on work-related measures (job entry, job retention, and increased earnings). For the 2 final years, HAS added four nonwork measures: family formation, health insurance coverage, food stamp coverage, and child care coverage. [Section 403(a)(4) of SSA]	Ends high performance bonus, replaces it with employment achievement bonus (below). [Section 105]	Ends high performance bonus and establishes business link partnership grants (below). [Section 704]
Employment achievement bonus	See work-related measures of high performance bonus above.	Appropriates \$500 million over 5 years (FY2004 through FY2008) for employment achievement. Makes tribal organizations eligible for this	No provision. See business link partnership grants (below).

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
		bonus. Bonuses to be based on absolute and relative progress toward goals of job entry, job retention, and increased earnings. Formula to be developed by HHS, in consultation with the National Governors' Association, the American Public Human Services Association, and the National Conference of State Legislatures. [Section 105]	
Marriage promotion grants	No provision.	<p>Appropriates \$100 million annually through FY2007 for 50% competitive matching grants to states, territories and tribal organizations for programs to promote healthy, married two-parent families. Grants may be used for advertising campaigns; education in high schools; marriage education, marriage skills and relationship skills programs for non-married pregnant women and expectant fathers; premarital education and marriage skills training for engaged couples and couples interested in marriage; marriage enhancement and marriage skills training programs for married couples; divorce reduction programs; marriage mentoring programs; and programs to reduce marriage disincentives in means-tested programs, if offered in conjunction with any other listed activity. [Section 103]</p> <p>Also appropriates \$100 million yearly for "research, evaluations and national studies" that are primarily to be used for activities to promote healthy marriage. See Research, Evaluations, and National Studies below. [Section 115]</p> <p>Provides that federal TANF funds used for marriage promotion shall be treated as state matching funds for marriage promotion grants. [Section 111]</p>	<p>Appropriates \$200 million annually through FY2007 for matching grants (25% state match required) to states, Indian tribes, and nonprofit entities for demonstration projects to promote stronger families, with an emphasis on healthy marriages. Grants may be used for advertising campaigns, voluntary marriage education and marriage skills programs for nonmarried pregnant women and nonmarried expectant fathers; voluntary premarital education and marriage skills training for engaged couples and for couples interested in marriage; voluntary marriage enhancement and marriage skills training for married couples; marriage mentoring programs; teen pregnancy prevention programs; broad-based income support strategies for both one- and two-parent low-income families; and development and dissemination of best practices for addressing domestic and sexual violence. \$5 million annually reserved for evaluation. [Section 301]</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Business link partnership grants and transitional jobs	No provision. (However, welfare-to-work grants [above] have some comparable provisions, including post-employment services and subsidized job creation.)	No provision. (However, welfare-to-work grants [above] have some comparable provisions, including post-employment services and subsidized job creation.)	<p>Appropriates \$200 million annually through FY2007, to be awarded jointly by the DOL and HHS to nonprofit groups, local workforce investment boards, states, localities, and tribes to fund new or expanded programs for TANF parents, former TANF parents, or noncustodial parents who are unemployed or having difficulty in paying child support. Programs are to:</p> <p>(1) promote business linkages that improve wages of low-income parents, noncustodial parents, and those with disabilities by improving job skills in partnership with employers and providing support and services at or near work sites;</p> <p>(2) provide “transitional jobs” (which combine subsidized, time-limited wage-paying supported work in the public, nonprofit, or for-profit sectors with skill development and activities to overcome work barriers); for and</p> <p>(3) develop “capitalization” procedures for the delivery of sustainable social services—strategies for “up-front” grants to develop programs that generate their own revenue.</p> <p>Reserves some funds for reports and evaluations (generally 1.5% each year) and specifies that 40% of remaining funds are to be used for business linkages and 40% for transitional jobs. The maximum grant for these two activities is \$10 million.</p> <p>Detailed rules for transitional jobs program include: 100% of wages must be subsidized (except in the case of placement in the private, for-profit sector where the employer must pay 50% of program costs, including wages.) Participants must be paid at the rate paid to unsubsidized workers who perform comparable work at the same worksite (if there is no</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			<p>counterpart, the wage must be 50% of the lower living standard income level for a family of three, based on 35 hours per week). Jobs must last between 6 and 24 months. The work week must be at least 30 hours (20 hours allowed for the parent of a disabled or preschool child or for others unable to successfully participate for 30 hours) and not more than 40 hours. In any work week, 50% to 80% of time must be spent in the transitional job and the rest in education or training or other activities to overcome work barriers. Persons successfully participating in transitional jobs or business linkage programs are to be deemed to satisfy TANF work requirements. Services and benefits received by them are not to be considered assistance. [Section 704]</p>
Second chance home grants	<p>Law forbids use of federal TANF funds for cash aid to an unmarried teen parent who does not live in a home maintained by her parent, legal guardian, or other adult relative. If the young parent has no adult relative or guardian with whom to live, the state must provide or help her locate a “second chance” home, maternity home, or other appropriate supportive living arrangement. [Section 408(a)(5)]</p>	<p>No change from current law.</p>	<p>Authorizes appropriation of \$33 million annually through FY2007 for matching grants (20% non-federal match rate) to establish, expand, or enhance second chance homes for mothers not more than 23 years old and their children. Eligible grantees would be states and territories, units of local government, Indian tribes, or public or private nonprofit agencies, organizations, or institutions, or other nonprofit entities, including nonprofit urban Indian organizations or Indian groups or communities that are not tribes. \$1 million is reserved for evaluation. [Section 305]. Also see Transitional Assistance under Uses of Funds below.</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Grants to implement universal engagement	No provision for special grants. (Universal engagement means engaging all adult recipients in work or a work-related activity. See Universal Engagement under TANF Work Requirements.)	No provision. (See Universal Engagement under TANF Work Requirements.)	Appropriates \$120 million over 4-year period (FY2003 through FY2006) for formula grants to states to help them implement the requirement for universal engagement. State grants would be based on their share of the nation's TANF cash caseload. Grants could be used for any or all of these activities: training agency staff, improving communication of program information to recipients and applicants, improving quality of the agency workforce, improving coordination of support programs for low-income families, conducting outreach, and establishing advisory review panels. If a state sets up an advisory review panel, it must observe requirements in the bill about membership duties, reports, and other matters. The HHS Secretary must consult about implementation of universal engagement rules with representatives of the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures, and the General Accounting Office (GAO) must submit a report evaluating implementation by September 30, 2005. [Section 201(b)]
Transportation grants (automobile access)	No provision.	No provision.	Authorizes \$15 million yearly through FY2007 to promote access to dependable, affordable automobiles by families eligible for TANF benefits or services. Awards may be used to help families with costs of auto ownership and maintenance (or insurance). Eligible grant applicants are states, Indian tribes, localities, and nonprofit organizations. [Section 705(a)] Separately, the bill gives states the option to make auto ownership and maintenance a qualified withdrawal option under Individual Development Account (IDA) programs under TANF. [Section 705(b)]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Maintenance of effort (required state funding)	<p>Established a maintenance-of-effort (MOE) requirement that states spend at least 75% of what was spent from state funding in FY1994 on programs replaced by TANF. Nationally, this sum is \$10.4 billion.</p> <p>MOE rises to 80% if state fails a work participation standard.</p>	<p>Continues existing MOE requirement through FY2007. [Section 111(a)] Provides that state expenditures on non-TANF-eligible families to reduce out-of-wedlock births and promote marriage and responsible fatherhood (TANF goals 3 and 4) may be counted toward required “maintenance-of-effort” state spending. [Section 103]</p> <p>Provides that federal TANF funds treated as state matching funds for marriage promotion grants may not be counted as state funds toward MOE requirements. [Section 111(b)(2)]</p>	<p>Extends the maintenance-of-effort requirement for 5 years, through FY2007. It allows a state to count as a qualifying MOE expenditure amounts of child support arrearages distributed to former TANF families. [Section 107].</p> <p>If state fails to meet participation rate, but does meet at least one of the criteria to be considered a needy state under the contingency fund definition, the MOE remains at 75%. [Section 202(i)]</p>
Transfer of funds	<p>States may transfer up to 30% of family assistance block grants to the Child Care and Development Block Grant (CCDBG) and the Title XX Social Services Block Grant (SSBG). Specifies that a maximum of 10% of total transfers may go to SSBG in FY2002. Allows states to use TANF funds, within the overall 30% transfer limit, as matching funds for the Job Access/Reverse Commute program for TANF recipients, ex-recipients, and persons at risk of becoming income-eligible for TANF.</p>	<p>Increases the overall ceiling on transfers to 50%. Sets limit on SSBG transfers at 10% (original limit in 1996 law) for FY2003 and each year thereafter. [Section 107(c)]</p>	<p>Permits transfer of TANF funds to Job Access/Reverse Commute projects. [Section 105]</p> <p>Sets limit on SSBG transfers at 10% for FY2003 and each year thereafter. [Section 110]</p>
Assistance definition	<p>The law does not define “assistance.” Regulations define it as ongoing aid to meet basic needs, plus support services such as child care and transportation subsidies for unemployed recipients. Assistance does not include nonrecurrent short-term benefits. Note: The law limits federally-funded <i>assistance</i> to a family with an adult to 60 months; states may impose shorter time limits. Parents and other caretakers who receive assistance also are subject to work requirements, and they must assign child support payments to the states. In</p>	<p>Defines “assistance” to mean payment, by cash, voucher, or other means, to or for an individual or family to meet a subsistence need (including food, clothing, shelter, and related items). Excludes costs of transportation and child care. Excludes non-recurrent short-term benefits. [Section 117]</p>	<p>Same definition as in House bill, except that it explicitly excludes supplemental housing benefits in addition to costs of transportation and child care. The bill includes a provision to ensure that states can continue to use the June 1, 2002 TANF assistance definition in exercising their option to use TANF vehicle asset rules in the Food Stamp program when TANF rules are more liberal. [Section 106]</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	addition, states are subject to detailed reporting requirements about recipients of assistance, including their financial and demographic characteristics and their work activities.		
Uses of TANF funds	States may use funds in any manner reasonably calculated to accomplish the TANF purpose or in any manner that they were authorized to use pre-TANF funds. Law explicitly allows use of funds for operating job placement programs and for Individual Development Accounts (IDAs) established by TANF recipients. [Section 404 of SSA]	Rephrases language about pre-TANF uses. Allows states to use TANF funds for any purposes or activities for which they were authorized to use pre-TANF funds. [Section 107(a)]	<p>Adds to explicitly allowed uses of funds:</p> <ul style="list-style-type: none"> – Establishment of a 2- or 4-year degree postsecondary educational program. Specifies that enrollment in the postsecondary degree program must be required by the person's Individual Responsibility Plan (IRP) and that participants must engage in a combination of educational and other activities for an average of at least 24 hours weekly during the first 24 months and thereafter must work at least 15 hours weekly or engage in a combination of educational and other activities for at least 30 hours. The state may give "work" credit for study time, at the rate of at least 1 hour, and not more than 2 hours, for each hour of class time. TANF funds could be used to provide support services other than tuition for students. For good cause, the state could allow 50% more time than normal for completion of degree requirements. – Supplemental housing benefits (defined as payments made to, or on behalf of, a TANF-eligible person to reduce or reimburse his/her costs for housing). Supplemental housing benefits could not supplant existing state spending on housing-related programs, and the bill specifies that these benefits are not to be considered assistance – Payment of minor rehabilitation costs, as defined by the state, for housing owned or rented by TANF-eligible persons. [Section 105] – Transitional assistance (up to 60 days) for teen parents not living in an adult-supervised

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			arrangement. [Section 708(s)] Separately, the bill includes transitional living youth projects funded by a grant under Section 321 of the Runaway and Homeless Youth Act as a form of adult-supervised setting. [Section 708(b)] Clarifies that the general 15% cap on administrative expenditures applies to the full TANF allocation, no matter how much funding is transferred. [Section 105]
Carryover of funds	<p>Amounts may be spent without fiscal year limit for “assistance” (chiefly ongoing cash aid). [Section 404(e) of the SSA]</p> <p>For other benefits and services (“nonassistance”) amounts must be obligated in the year of award and spent by the end of the following year.</p>	Allows use of carryover funds for any benefit or service without fiscal year limitation. Permits a state or tribe to designate some TANF funds as a contingency reserve. [Section 107(e)]	Permits carryover of TANF funds for any benefit or service, including nonassistance, without fiscal year spending limit. [Section 105]
TANF-Related Funds			
Abstinence education grants	Appropriated \$50 million for 5 years for matching grants to states for abstinence-only education programs under the Maternal and Child Health Services Block Grant (MCHBG). States must match every \$4 in federal funds with \$3 in state funds. [Section 510 of SSA]	Extends abstinence-only grants under the MCHBG at \$50 million annually through FY2007. [Section 801]	Extends abstinence-only grants at \$50 million annually through FY2007 and appropriates another \$50 million annually for abstinence-first grants through FY2007. Both grants are under the MCHBG and require a \$3 match from states for each \$4 in federal funds. The new grants are to implement teen pregnancy prevention strategies that are abstinence-first, replicate or substantially incorporate elements of proven teen pregnancy prevention programs, delay or decrease sexual activity, and incorporate outreach or media programs. Earmarks 1.5% of abstinence-first funds for Indian tribes. Reserves \$5 million for a comparative evaluation of the two abstinence approaches, with a report due to Congress by October 1, 2005. [Section 302]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Fatherhood grants	PRWORA authorized grants to states for access and visitation program to facilitate visits by noncustodial parents to their children (\$10 million annually) and required states to have laws under which noncustodial parents unable to pay child support for a TANF child could be required to participate in TANF work activities. (Also, P.L. 106-553 and P.L. 106-554 appropriated \$4 million to two national organizations to promote fatherhood.)	<p>Authorizes appropriation of \$20 million annually through FY2007 for (a) competitive matching grants to public and nonprofit community entities, including religious organizations, and to Indian tribes, for demonstration service projects and activities (the federal share of total costs would range from 80% to 90%); (b) matching grants to national nonprofit fatherhood promotion organizations that meet certain requirements for two multicounty multistate demonstration projects (with federal share of total cost set at 80%); (c) grants, contracts, or agreements with states, communities, and private entities, including religious organizations, to carry out projects of national significance; and (d) evaluations of fatherhood projects. (Of total funds, no more than \$3 million could be used for items b, c, and d above.) [Section 119]</p> <p>The fatherhood program amends PRWORA and creates a new Part C in Title IV of SSA.</p>	<p>Authorizes appropriation of \$25 million annually for 4 years (through FY2006) for matching grants (awarded jointly by the Secretaries of HHS and DOL) to states to expand or replicate court-supervised or Child Support Enforcement agency-administered employment programs for low-income noncustodial fathers with a history of non-payment of child support (25% match of federal funds required – equal to 20% of total funds). Also authorizes \$25 million yearly for 4 years for grants to states to conduct policy reviews and demonstration projects to coordinate services for low-income, noncustodial parents. [Section 304]</p> <p>The fatherhood program amends the Child Support Enforcement Program (Title IV-D of SSA.)</p>
At-home infant care grants	No provision.	No provision.	Appropriates \$30 million annually through FY2007 for demonstration grants to at least five and up to 10 states (including Indian tribes) for “at-home infant care” programs providing child care payments to families caring for their children (under age 2) at home. Eligible would be parents whose income was not above 85% of the state median and who met state requirements for a recent work history. Benefits would not be treated as income in federal needs-tested programs. An evaluation is required. [Section 706]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Teen pregnancy prevention centers	No provision.	No provision.	Requires the HHS Secretary to make a \$5 million grant for every year, FY2003-2007 to a nationally recognized, nonpartisan, nonprofit organization that meets specified standards to establish and operate a national teen pregnancy prevention center. Activities required of the center: synthesizing and disseminating research about effective practices; developing and providing information on effective programs; helping states, localities, and organizations learn more about existing resources; linking pregnancy prevention organizations; providing consultation and resources through a broad array of strategies; and working directly with persons and organizations in the entertainment industry to provide consultation and serve as a resource of factual information. [Section 303]
Grants for housing with services	No provision.	No provision.	Authorizes appropriation of \$50 million for FY2004 for competitive grants to states and nonprofit organizations for demonstration projects providing housing and services that promote employment to TANF-eligible parents/caretakers with multiple work barriers. Benefits are not to be considered TANF assistance. Grants are to be jointly awarded by the Secretaries of HHS and Housing and Urban Development (HUD). [Section 707]
Funding for territories	Annual federal funding for public assistance programs for Puerto Rico, Guam, the Virgin Islands, and American Samoa is capped at \$116.5 million. This covers the combined federal TANF family assistance grants (\$77.9 million annually) plus funds available for adult assistance, child protection (foster care, adoption assistance, and independent living) , and Section 1108(b) matching grants. Within the overall cap, Section 1108(b) provides	No change from current law.	Increases the total annual cap on federal funding for public assistance programs for the territories from \$116.5 million to \$119.6 million. New caps, compared with current ones: Puerto Rico, \$109,936,375 (\$107,255,000); Guam, \$4,803,150 (\$4,686,000); Virgin Islands, \$3,642,850 (\$3,554,000); and American Samoa, \$1,250,000 (\$1,000,000). Also extends appropriations for 1108(b) matching grants

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	matching grants for TANF and child protection spending above the FY1995 level. To qualify, territories must maintain their own spending at the FY1995 level.		through FY2007. (For new child care funding for Puerto Rico, see Child Care below.) [Section 108]
TANF Work Requirements			
Universal engagement	State plan must require that a parent or caretaker engage in work (as defined by the state) after, at most, 24 months of assistance.	Repeals the 24-month work trigger. State plan must require that a parent or caretaker engage in work or alternate self-sufficiency activities (as defined by the state) in accordance with a “self-sufficiency plan.” [Section 109]	Repeals the 24-month work trigger. State plan must require that a parent caretaker engage in work or work-related activities in accordance with an individual responsibility plan. [Section 702]
Assessment and individual responsibility plan	States must make an initial assessment of the skills, prior work experience, and employability of each recipient 18 or older or those who have not completed high school within 30 days. States may, but need not, establish an individual responsibility plan (IRP) for each family in consultation with the recipient.	Requires states, in a manner they deem appropriate, to assess the skills, prior work experience, and employability of each work-eligible recipient (defined as a person who is married or a single household head and whose needs are included in determining the family’s TANF cash benefit). Requires the development of a family self-sufficiency plan for each family that includes a work-eligible person. Plans must be established within 60 days of opening a case (within 12 months for families enrolled at the time of enactment). Imposes a penalty on states for failure to establish self-sufficiency plan (5% reduction in TANF grant for first violation, but penalty can be reduced for the degree of violation). [Section 109]	Requires states to screen and assess the education, skills, prior work experience, work readiness, and barriers to employment of each adult or minor child household head receiving assistance who has reached age 18 or has not completed high school or obtained a certificate of high school equivalency, and is not attending secondary school. States also must assess the well-being of children in the family and services for which families are eligible. Plans must be established within 60 days of opening a case (within 12 months for families enrolled at the time of enactment). Requires an IRP for each parent/caretaker described above and requires recipient parents or caretakers to participate with the state in this process. The IRP must detail required work activities and needed work supports, address the issue of child well-being and, if appropriate, adolescent well-being, and inform the family about work supports for which they are eligible. States are required to monitor IRP participation of parents and review their progress. Before imposing a sanction, states must review the person’s IRP. [Section 201]
Work exemptions	A state may exempt from work a single parent caring for a child under age 1, and for a maximum of 12 months, may disregard the exempted parent in calculating the state’s work	On case-by-case basis, permits state to exclude from work participation calculations any family (including a two-parent family) with a child under age 1. [Section 110].	Allows a state to exempt from work the full-time caregiver of a family member who is disabled and to exclude this family in calculating the state’s work participation rate.

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	participation rate. See calculation for Participation Rates (below) for other optional exclusions.		The number of exempted families cannot exceed 10% of the average monthly number of families receiving TANF during the fiscal year or the immediately preceding fiscal year. The exempted person must be the only able-bodied adult in the family and the primary caregiver of a child or other family member with a physical or mental disability or chronic illness. The recipient's IRP must specify the need to provide care. [Section 202]
Work participation standards	States must have a specified percentage of their adult recipients engaged in one of 12 listed work activities. In FY2002 the participation standard is 50% for all families (90% for the two-parent component of the caseload).	States must have a specified percentage of families containing adult recipients engaged in one of six direct work activities (drawn from current law list) or in alternative self-sufficiency activities chosen by the state. In FY2003 the standard is 50%, and it rises by 5 percentage points yearly to reach 70% in FY2007. The separate standard for 2-parent families is eliminated. [Section 110]	States must have a specified percentage of families containing adult recipients engaged in one of the 12 activities listed in current law or in a new category of work activities. The participation standards are the same as in the House bill, and the separate standard for 2-parent families is eliminated. [Section 202]
Credits against participation rates	Standards are reduced by a caseload reduction credit: for each percent decline in the caseload from the FY1995 level (not attributable to policy changes), the statutory work participation standard is reduced by 1 percentage point.	Measures caseload reduction from a moving base year (rather than from FY1995). For FY2003, the credit is based on the percent decline in the caseload from FY1996; for FY2004, the base is FY1998; for FY2005, FY2001. Thereafter, the base rises each year by 1 year (thus, the credit for FY2007 is based on the caseload decline from FY2003. [Section 110(b)] Establishes a "superachiever" caseload reduction credit for a state with a reduction of at least 60% (for any reason) from FY1995 level. [Section 110(c)]	Eliminates the caseload reduction credit and substitutes an employment credit. The employment credit reduces the statutory participation rate for recipients who leave the rolls and are employed. The percentage point reduction is calculated by dividing (a) twice the average annual number of families who ceased receiving TANF for at least 2 months during the most recent 4-quarters with available data (and did not receive aid from a separate state-funded program during those 2 months) and were employed in the next quarter by (b) the average monthly number of families with an adult cash recipient in the preceding year. Gives states extra credit (as 1.5 families) for a family that leaves and has earnings equal to at least 33% of the average wage in the state. Also

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			<p>gives states the option to receive credit for those whom it “diverts” from joining TANF rolls with a short-term non-recurring benefit during the most recent 4 quarters with available data and who are employed in the next quarter after diversion, earning at least \$1,000. Permits HHS to use information in the National Directory of New Hires to calculate the credit. Requires HHS to issue quarterly reports on performance of each state on factors used to determine the employment credit.</p> <p>(For FY2004, states will have the option to delay the new work participation standards and work hour requirements and have their work participation targets calculated on the basis of both the current caseload reduction credit and the new employment credit (one-half credit rate for each).</p> <p>Required work participation rates cannot be reduced by the employment credit (and by counting persons who receive substantial child care or transportation assistance as participants) below these floor levels: 20% in FY2004; 30% in FY2005; 40% in FY2006, and 50% in FY2007. However, these caps do not apply to states that have met two of the triggers for access to the TANF contingency fund. [Section 202]</p>

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Calculation of participation rates	<p>Participation rates are based on work hours of individual recipients. The monthly participation rate, expressed as a percentage, equals (a) the number of all recipient families in which an individual is engaged in work activities for the month, divided by (b) the number of recipient families with an adult recipient (but excluding families subject that month to a penalty for work refusal, provided they have not been penalized for more than 3 months) and excluding families with children under 1, if the state exempts them from work. States have the option to include in work participation calculations families in a tribal TANF program or NEW job training program. [Note: except for teen parents, single parents with a child under 6, and participants in a tribal program with different hour requirements, families must work an average of at least 30 hours weekly to be counted as working.]</p>	<p>Participation rates are based on work hours of families. Excluded from counted families used to determine participation rates are families sanctioned for more than 3 months in the preceding 12. In addition, as noted above, states have the option to exclude families in the first month of assistance; tribal families, and, on a case-by-case basis, parents with an infant. The monthly participation rate is (a) the total number of countable hours, divided by (b) 160 times the number of counted families for the month. This means that a family would receive full work credit for working 160 hours a month—equivalent to a weekly average of 37 hours—160/4.33. (The average month contains 4.33 weeks, not 4.) This provision is seen as allowing 13 hours monthly for sick leave and holidays. However, the bill specifies that if a family does not engage in a direct work activity for a weekly average of 24 hours, its countable hours for the month shall be zero. [Section 110]</p>	<p>Participation rates are based on work hours of individual recipients. In calculating participation rates, gives partial credit for recipients who work part-time, so long as they work at least 50% of the time required of them. Permits states to count as “engaged in work” persons receiving “substantial” child care or transportation assistance, as defined by the HHS Secretary in consultation with directors of state TANF programs (specifying for each type of assistance a dollar threshold or a length of time over which the assistance is received), and removes from work participation calculations TANF recipients who become eligible for SSI during the year. [Section 202]</p>
Penalty against state for failing participation rate	<p>Participation rates are enforced by a penalty on states: loss of 5% of the state’s basic grant for first year of violation (penalty must be based on the degree of noncompliance and may be reduced if the failure is due to extraordinary circumstances or to circumstances that caused the state to become a needy state (under the contingency fund definition). State must replace the amount of federal penalty funds lost with its own funds.</p> <p>See Maintenance of Effort (above) for impact on required state spending of state failure to achieve required participation rate.</p>	<p>Retains penalty rate of current law for state failure to meet participation standards.</p>	<p>Retains penalty rate of current law for state failure to meet participation standards.</p> <p>See Maintenance of Effort (above) for impact on required state spending of state failure to achieve required participation rate.</p>

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Countable activities	<p>Federal law lists 12 activities that count toward meeting the participation standards. Nine activities have priority status (during “core” hours, described below, only these activities are countable). These activities are unsubsidized jobs, subsidized private jobs, subsidized public jobs, work experience, on-the-job training; job search (6 weeks in a fiscal year usual maximum), community service, vocational educational training (12 month lifetime limit), and providing child care for certain TANF recipients. Three other activities are countable (for non-core hours): job skills training directly related to employment; education directly related to work (for high-school dropouts only); satisfactory attendance at secondary school (high school dropouts only).</p> <p>Persons engaged in vocational educational training, plus teen parents participating in education, may account for no more than 30% of persons credited with work.</p>	<p>Revises countable activities, explicitly listing six “direct work activities.” They are: unsubsidized jobs, subsidized private jobs, subsidized public jobs, on-the-job training, supervised work experience, and supervised community service. Provides that states may define any other activity as countable (for non-core hours) so long as it leads to self-sufficiency and is consistent with the purposes of TANF. [Section 110(d)]</p> <p>Repeals the cap on the percentage of persons who may be credited with work by virtue of education. [Section 110(d)]</p>	<ul style="list-style-type: none"> – Adds to current law list of 9 priority activities a 10th category: rehabilitative services (if required by the recipient’s Individual Responsibility Plan), but places time limits on counting these services for core work hours (see below). As examples of rehabilitative services, the bill lists adult basic education, limited English proficiency program, or (in the case of an individual determined by a qualified medical, mental health, or social services professional as having a physical or mental disability, substance abuse problem or other problem requiring rehabilitative services) substance abuse treatment, mental health treatment, or other such services. – Allows <i>24 months</i> of vocational educational training (renaming this activity “vocational education and training”) and <i>8 weeks</i> of job search. – Adds to countable work activities postsecondary education that is a requirement of a person’s IRP (for up to 24 months). Also adds a postsecondary 2- 4-year degree program outlined in Section 105 of the bill (a 10% of caseload limit applies to countable number of postsecondary degree students). – Provides that satisfactory participation in a business linkage or transitional jobs program described in the bill shall be considered to satisfy work requirements. – Removes teen parents from the 30% cap on the percentage of persons who may be credited with work by virtue of education.

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Time-limited countable activities	Job search and vocational educational training, as noted immediately above.	For 3 consecutive months within 24 months, persons may be deemed to meet the 24-hour direct work requirement by engaging in short-term activities chosen by the state to promote self-sufficiency (examples listed in the bill are substance abuse counseling or treatment; rehabilitation treatment and services; work-related education or training directly at enabling the family member for work; and job search or job readiness assistance). Under some circumstances, a fourth month of short-term education/training may be deemed to meet 24-hour direct work requirement. [Section 110(d)]	For core hours (first 24 hours of required 30 hour general average) rehabilitative services are countable for 3 months within 24 months (6 months if combined with work or job readiness in final 3 months). [Section 202(e)] Also, note expanded time limits for job search and vocational educational training (shown above).
Required hours of activity	<p>Overall weekly hours—generally, 30 hour weekly average needed to count toward the all-family participation rate (more in two-parent families). Exceptions: a single parent with a child under 6 is required to work 20 hours, and teen parents are deemed to meet the weekly hour participation standard by maintaining satisfactory attendance in secondary school (or the equivalent in the month) or by participating in education directly related to employment for an average of 20 hours weekly.</p> <p>Core hours—for most adults, 20 hours must be in one of the 9 priority activities listed in the law.</p>	<p>Overall weekly hours—generally increases required hours of work for adults, including single parents of a child under 6, to an average of 40. Maintains current rules for teen parents. [Section 110(d)]</p> <p>Core hours – increases core hours to 24 hours weekly. Generally, they must be spent in one of the six direct work activities listed in the bill.</p>	<p>Overall weekly hours—generally maintains required hours of work for adults at an average of 30 (20 hours for a single parent with a child under age 6) and continues current rules for teen parents.</p> <p>Core hours—increases core hours to 24 hours weekly.</p> <p>For non-core hours (the final 6 hours of the required 30 hour week) the 12 activities in current law list are countable plus (without time limit) rehabilitation services (as described above). [Section 202]</p>

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Sanctions against individuals for work violation	<p>If an adult recipient refuses to engage in required work, the state must reduce aid to the family pro rata (or more, at state option) with respect to the period of work refusal, or discontinue aid, subject to good cause and other exceptions that the state may establish. State also may penalize failure to comply with a signed Individual Responsibility Plan.</p> <p>Exception: a state may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care that is appropriate, suitable, and affordable.</p>	<p>If a person in a family receiving TANF assistance fails to engage in required activities and the family does not otherwise engage in activities in accordance with its self-sufficiency plan, the state must impose a penalty as follows: (a) If the failure is partial and does not last longer than 1 month, the state must reduce assistance to the family pro rata (or more, at state option) with respect to any period of failure during the month, or end all assistance to the family, subject to good cause exceptions that the state may establish. (b) If the failure is total and persists for at least 2 consecutive months, the state shall end all cash payments to the family, including state-funded MOE payments, for at least 1 month and thereafter until the person resumes full participation in required activities, subject to good cause exceptions that the state may establish. Note: Full family sanction rule does not apply if in conflict with a state constitution or a state law enacted before 1966. [Section 110(e)]</p> <p>Continues current law provision.</p>	<p>Before imposing a sanction, for failure to comply with an individual responsibility plan, (IRP), state must review the recipient's IRP and make a good faith effort to consult with the family as part of the review.</p> <p>Continues current law provision.</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Time Limit			
Time limit in Indian country	The law requires disregard of months of ongoing TANF cash aid received by an adult living in Indian country or an Alaskan Native village in which 20% of adults are unemployed.	No change from current law.	Requires disregard of months of TANF cash aid received by an adult while living in Indian country or an Alaskan Native village in which 20% of adults are “jobless.” [Section 601(f)]
State Plans and Policy Requirements			
State TANF requirements	Each state must outline, in a 27-month plan, how it intends to: conduct a program providing cash assistance to needy families with (or expecting) children and providing parents with work and support services; require caretaker recipients to engage in work (at state definition) after 24 months of aid or sooner, if then judged work-ready; ensure that caretakers engage in work in accordance with the law; take steps deemed necessary by the state to restrict use and disclosure of information about recipients; establish goals and take action to prevent/reduce the incidence of out-of-wedlock pregnancies; and conduct a program providing education and training on the problem of statutory rape. In addition, the plan must indicate whether the state intends to treat families moving into the state differently from others; indicate whether the state intends to aid noncitizens; set forth objective criteria for benefit delivery and for fair and equitable treatment; and provide that, unless the governor opts out by notice to HHS, the state will require a parent who has received TANF for 2 months and is not work-exempt to participate in community service employment. In the plan the state must certify that it will operate a child support enforcement program and a foster care	Adds requirement that each state outline how it intends to require parents and caretakers to engage in work or self-sufficiency activities in accordance with self-sufficiency plans. [Section 109] Adds requirement that plan describe how the state will: pursue ending dependence of needy families by promoting job preparation and work, encourage formation and maintenance of healthy two-parent married families, encourage responsible fatherhood, and prevent/reduce the incidence of out-of wedlock pregnancies. Plan must include numerical objectives for above efforts. Plan must describe any strategies the state is undertaking to deal with (a) employment retention and advancement for recipients; (b) efforts to reduce teen pregnancy; (c) services for struggling and noncompliant families and for clients with special problems; and (d) program integration, including the extent to which employment and training services are provided through the One-Stop Career Center System created under the Workforce Investment Act of 1998. [Section 112]	Requires each state, in a 24-month plan, to outline how it shall: (1) conduct a program to provide cash assistance to needy families and providing parents with work and support services, (2) require parents and caretakers who receive assistance to engage in work or work readiness activities (determined by the state) designed to move families into self-sufficiency; (3) establish the process for providing recipients with Individual Responsibility Plans (IRPs), including a description of screening and assessment procedures; (4) ensure that parents/caretakers engage in required work activities, including those in their IRPs; (5) ensure that training and resources are made available to the state TANF agency; (6) ensure the availability of a stable and professional workforce to administer the program; and (7) ensure equitable access for each member of an Indian tribe or tribal organization who is domiciled in the state but not eligible for assistance under a TANF tribal family assistance plan. [Section 702] Requires plan to certify that state has consulted with Indians about the state TANF plan (except in Alaska) [Section 601] Adds requirement for the following information about each program funded under TANF or

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	<p>and adoption assistance program and provide equitable access to Indians ineligible for aid under a tribal plan. It must certify that it has established standards against program fraud and abuse. It must specify which state agency or agencies will administer and supervise TANF. In addition, the state may opt to certify that it has established and is enforcing procedures to screen and identify recipients with a history of domestic violence, to refer them to services, and to waive program rules for some of them.</p>	<p>Strikes provision requiring goals to reduce out-of-wedlock pregnancies and replaces it with requirement that states establish specific numerical performance goals, measures, measurement methodology, and plans to improve outcomes regarding each of TANF's four goals. [Section 112]</p> <p>Strikes provision requiring community service after 2 months of benefits unless state opts out. Deletes requirement to indicate differential treatment of in-migrants from other states (differential treatment was found unconstitutional). Adds requirement that the plan describe strategies to improve program management and performance. [Section 112]</p>	<p>with MOE spending: program name, goals, description of benefits and services; principal eligibility rules and populations served. If the program provides "assistance," additional information must be provided: work-related requirements and the state's definition of each work activity; description of time limit policies; and description of sanction policies and procedures.</p> <p>Adds to the requirement for setting forth objective criteria for delivery of benefits a requirement to provide information about complaints received concerning fair and equitable treatment related to civil rights or labor laws (with a description of procedures used to respond to such complaints). Adds some certifications: if state provides transportation aid under TANF, it must certify that state and local transportation agencies and planning bodies have been consulted in developing transportation plan; if it provides housing aid, it must certify that state housing agencies and authorities have been consulted in developing the housing aid plan. Requires HHS Secretary to develop a standard state plan form by February 12, 2003 and requires states to submit a complete plan using the standard form no later than October 1, 2003. Requires the Secretaries of HHS and HUD to make available to each state-level data from the 2000 decennial census concerning housing problems of TANF families. Requires states to make their proposed plans</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			<p>and plan amendments available to the public (through website or other means), to allow a public comment period of at least 45 days, and to make comments received available to the public. Stipulates that nothing in the state plan requirements is to be construed as establishing a cause of action against a state based solely on a state's failure to submit a plan or amendment or on its failure to comply with contents of its plan. [Section 702]</p> <p>Adds requirement that states certify that they have procedures in effect to ensure that child care providers (other than relatives who are excluded from the definition of provider under regulations in effect on June 1, 2002) meet state or local health and safety requirements described in the CCDBG. [Section 103(b)]</p> <p>Adds requirement that states certify that they do not have TANF rules or procedures that discriminate against 2-parent families. [Section 712(e)(3)]</p>
Charitable Choice	<p>The 1996 welfare reform law (PRWORA) authorizes states to administer and provide TANF services (and those of other programs amended by that law) through contracts with charitable, religious, or private organizations and to pay recipients by means of certificates, vouchers, or other disbursement forms redeemable with these organizations. Stipulates that any religious organization with a contract to provide welfare services shall retain independence from government and requires states to provide an alternative provider for a beneficiary who objects to the religious character of the designated organization.</p>	<p>Requires state plans to describe strategies and programs to engage religious organizations in the provision of TANF-funded services.[Section 112]</p> <p>Note: The fatherhood program, which is established through an amendment to the 1996 welfare law, is subject to charitable choice rules of that law.</p>	No change from current law.

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Performance improvement	See High Performance Bonus (above)	The HHS Secretary, in consultation with the states, shall develop uniform performance measures to assess the degree of effectiveness and the degree of improvement of state programs in accomplishing TANF purposes. [Section 112(c)]	See Rankings of States (below) under Research, Evaluation, and National Studies.
WIA relationship	The Workforce Investment Act (WIA) provides that TANF may be an optional partner with one-stop WIA employment and training centers.	Makes TANF a “mandatory” WIA partner, but permits states to opt out by written notification of the governor. [Section 120] Adds requirement that Secretaries of HHS and DOL jointly submit a report to Congress concerning common or conflicting provisions (data elements, definitions, performance measures, and reporting requirements) in TANF and WIA and, at the discretion of either Secretary, any other program administered by the Secretary. Due not later than 6 months after enactment. [Section 115(d)]	Same as House bill. [Section 709]
Anti-displacement and anti-discrimination rules	Under TANF law, a TANF recipient may fill a vacant job. However, he/she may not be employed or assigned when another person is on layoff from the same or any substantially equivalent job, or if the employer ended the employment of a regular employee or otherwise caused an involuntary reduction of its workforce in order to fill the vacancy created with a TANF recipient. These rules do not preempt or supersede any provision of state or local law that provides greater protection. States must have a grievance procedure to resolve displacement complaints.	No change from current law.	Replaces current nondisplacement provisions. Provides that a TANF recipient cannot displace any employee or position (including partial displacement), fill any unfilled vacancy, or perform work when any person is on layoff from the same or a substantially equivalent job. TANF work activities cannot impair any existing contract for services, be inconsistent with any existing law, regulation, or collective bargaining agreement, or infringe on the recall rights or promotional opportunities of any worker. TANF activities must be in addition to any activities otherwise available and must not supplant the hiring of a non-TANF worker. No TANF funds are to be used to assist, promote, or deter organizing for purposes of collective bargaining. [Section 712]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	Any program or activity funded by TANF must comply with the Age Discrimination Act, Section 504 of the Rehabilitation Act; Americans with Disabilities Act; Title VI of the Civil Rights Act (race, color, national origin).		Makes TANF subject to additional workplace protection laws, including the Fair Labor Standards Act. Requires GAO to study state compliance with current anti-discrimination laws. Bars states from imposing stricter eligibility requirements on two-parent than one-parent families and imposes penalty for violation [Section 712(e)]
TANF Data Collection and Reporting			
Quarterly state reports	States are required to collect monthly, and report quarterly, disaggregated case record information (but may use sample case record information for this purpose) about recipient families. Required family information includes: – county of residence, – whether a member received disability benefits, – ages of members, – size of family and the relation of each member to the family head, – employment status and earnings of the employed adult, – marital status of adults; – race and educational level of each adult; – race and educational level of each child; – whether the family received subsidized housing, Medicaid, food stamps, or subsidized child care (and if the latter two, the amount); – number of months that the family received each type of aid under the program; – number of hours per week, if any, that adults participated in specified activities (education, subsidized private jobs; unsubsidized jobs, public sector jobs, work experience, or community service, job search, job skills training or on-the job training, vocational education);	Permits the Secretary to limit use of sampling by designating core elements that must be reported for all families. Adds race and educational level of each <i>minor parent</i> . Deletes educational level of each child. Strikes “each type” of aid and requires the reason for extending aid beyond 60 months. Adds to reported activity list: <i>training</i> and <i>other activities directed at TANF purposes</i> . Adds <i>and (job) placement</i> to job search. Omits job skills training. Specifies that work experience and community service are “ <i>supervised</i> .”	Same as current law except where indicated otherwise. Deletes educational level of each child.

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	<ul style="list-style-type: none"> – information needed to calculate participation rates; – type and amount of assistance received under the program; including the amount of and reason for any reduction of assistance; – unearned income; – citizenship of family members; – number of families and persons receiving aid under TANF (including the number of two-parent and one-parent families); – total dollar value of assistance given; – total number of families and persons aided by welfare-to-work grants (and the number whose participation ended during a month); – number of noncustodial parents who participated in work activities; – for each teenager, whether he/she is the parent of a child in the family. <p>From a sample of closed cases, the quarterly report is to give the number of case closures because of employment, marriage, time limit, sanction, or state policy.</p>	<p>Adds information needed to calculate <i>progress toward universal engagement</i>. Deletes <i>type</i> of assistance.</p> <p>Deletes <i>marriage</i>.</p> <p>Requires new information on recipient families in the quarterly report:</p> <ul style="list-style-type: none"> – the date the family first received aid on the basis of its most recent application; – whether a self-sufficiency plan is established for the family; – the marital status of the parents of any child in the family at the birth of the child, and if the parents were not then married, whether the paternity of the child has been established. <p>Requires quarterly report to include the number of families and persons who became ineligible to receive TANF during the month (broken down by the number that lost eligibility because of earnings, changes in family composition that result in higher earnings, sanctions, time limits, or other specified reasons). [Section 113(a)]</p>	<p>– Whether an individual responsibility plan is established for each family.</p> <p>– Requires the quarterly report to include information on the demographics and caseload characteristics of Indians served.</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Public availability of quarterly reports	No provision.	No provision.	Requires states to make publicly available a copy of each quarterly report, including by posting it on the TANF agency's Internet website, at the time of submission of the report. [Section 701]
Monthly state reports	No provision.	States are required to submit monthly reports on the number of families and persons receiving assistance.	No provision.
Annual state reports	Regulations require states to annually submit a program report (by December 31 of each year) providing financial eligibility rules for all programs funded by TANF or state MOE funds. For each MOE program, reports are to include the name, purpose, and eligibility criteria.	Requires states to submit an annual report on characteristics of the state TANF program and other state programs funded with MOE funds. Required information: program name and purpose, description of program activities, sources of funding, number of beneficiaries, sanction policies, and any work requirements. [Section 113(e)] Beginning with FY2004, states must submit to HHS an annual report on achievement and improvement under numerical performance goals and measures. [Section 113(e)]	No provision.
Data elements for state reports	The HHS Secretary shall prescribe regulations to define data elements for required state reports and shall consult with the Secretary of Labor in defining data elements regarding programs operated with welfare-to-work funds.	The HHS Secretary shall prescribe regulations needed to define data elements and to collect necessary data and shall consult with the National Governors Association, the American Public Human Services Association, the National Conference of State Legislators, and others in defining the data elements. [Section 113(e)]	No change from current law.
Periodic HHS reports	Requires the HHS Secretary to make annual reports to Congress that include state progress in meeting TANF objectives (increasing employment and earnings of needy families and child support collections, and decreasing out-of-wedlock pregnancies and child poverty), demographic and financial characteristics of applicants, recipients, and ex-recipients; characteristics of each TANF program; and trends in employment and earnings of needy	Sets July 1 of each fiscal year as the deadline for the report. Deletes applicant families from the report. Adds requirement to report on characteristics of MOE-funded programs. Adds requirement that HHS analyze annual single audit reports from states to identify the extent and nature of problems concerning contracts between states and nongovernmental entities. Requires the annual HHS report to	Adds to required information in annual HHS reports: – Information about any complaints received by the federal government or states concerning fair and equitable treatment related to civil rights or labor laws, including the number and status of the complaints, and – State specific information on the demographics and caseload characteristics of Indians served by each state program funded by

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	<p>families with children.</p> <p>Requires the HHS Secretary to submit to four committees of Congress annual reports on specified matters about three groups: children whose families lost TANF eligibility because of a time limit, children born after enactment of TANF to teen parents, and persons who became teen parents after enactment.</p>	<p>include a section on oversight of state programs, including single audit findings, actions, and recommendations. [Section 113]</p> <p>Adds required biennial report (for the House Committee on Education and the Workforce and the Senate Committee on Health, Education, Labor and Pensions) summarizing and analyzing data about the supply of, demand for, and quality of child care, early education, and non-school-hour programs. First report due October 1, 2004. [Section 206]</p>	<p>TANF. [Section 701]</p> <p>Adds requirement for annual report on performance of state child support programs. See Child Support below.</p>
TANF Research, Evaluation, and National Studies			
HHS research, evaluations, and studies	<p>Requires HHS Secretary to conduct research on effects, costs, and benefits of state programs. Provides that Secretary may help states develop innovative approaches to reducing welfare dependency and increasing child well-being employing TANF recipients and shall evaluate them. For 6 years, appropriates \$15 million yearly, half for TANF research and novel approaches cited above and half for state-initiated TANF studies and completing pre-TANF waiver projects. Note: Congress rescinded this \$15 million specific and direct appropriation in appropriation laws for succeeding years and instead appropriated general research funds.</p>	<p>Continues these provisions and appropriates \$15 million annually for them through FY2007.</p> <p>Appropriates \$100 million each fiscal year through 2007 for research and demonstration projects and for technical assistance to states, tribal organizations, and other entities chosen by the Secretary. Specifies that these funds shall be spent primarily on activities allowed under marriage promotion grants (see above). [Section 115]</p>	<p>Deletes funding for completion of waiver studies, but continues other funding (\$15 million yearly through FY2008): one-third each for basic research, novel approaches to increasing child well-being and reducing welfare dependency, and state-initiated studies. Provides another \$20 million for new projects:</p> <ul style="list-style-type: none"> – Indicators of child well-being (\$15 million annually). The bill requires HHS, through grants, contracts, or interagency agreements, to develop comprehensive measures of child well-being relating to education, social and emotional development, health and safety, and family well-being. Data must be statistically representative at the state and national levels and consistent across states. Requires HHS Secretary to consult with the Federal Interagency Forum on Child and Family Statistics in developing the indicators and the means to collect data and to establish an advisory panel to recommend appropriate measures and statistical tools for the assessment of child well-being. Specifies some of the panel's membership. – Three sets of studies (\$5 million annually). Longitudinal studies (in five to 10 states) to determine factors that contribute to positive and

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		Earmarks \$2 million annually of this sum for demonstration projects for coordination of child welfare and TANF service to tribal families at risk of child abuse or neglect. [Section 115]	family outcomes; a random assignment study comparing effects of various sanction policies; and a study about teen parents. Also provides \$2 million for demonstration research on tribal TANF programs and efforts to reduce poverty among Indians. All these funds, totaling \$37 million yearly, are reserved out of the basic TANF appropriation \$17 billion yearly. [Section 703]
Census Bureau studies	Directs the Census Bureau to expand the Survey of Income and Program Participation (SIPP) to obtain data with which to evaluate TANF's impact on random national sample of recipients. Authorizes appropriation of \$10 million annually for 7 years.	Authorizes appropriation of \$10 million annually for FY2003 through FY2007. Directs the Census Bureau to implement a new longitudinal survey of program dynamics to permit assessment of outcomes of continued reform on the economic and child well-being of low-income families with children, including those who received TANF-funded aid or services. Survey content should include information needed to examine the issues of out-of-wedlock childbearing, marriage, welfare dependency, beginning and ending of spells of assistance, work, earnings, and employment stability. To the extent possible, survey shall provide state representative samples. [Section 116]	No provision.
Rankings of states	Directs HHS Secretary to rank states in order of success in moving recipients into long-term private jobs and reducing the proportion of out-of-wedlock births and in both cases to review programs of the three states with highest and lowest ratings.	Deletes "long-term" qualifier from private job measure. Adds employment retention and ability to increase wages to factors used for rankings. [Section 112(d)]	Replaces current law provision for ranking states with requirement that HHS issue the following data yearly: (1) each state's job entry and retention rate and quarterly earnings and earnings gains for TANF recipients and former recipients during the 2 preceding fiscal years and (2) state-level data on teen pregnancies and an assessment of state progress toward goal of reducing teen pregnancy. Bill also establishes a national goal of decreasing teen pregnancy by one-third by December 31, 2007. [Section 701(b)]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
GAO evaluations and reports	Not applicable.	Study of combined effect of phase-out benefit rates of federal programs for low-income families and persons as they move from welfare to work, at all earnings levels up to \$35,000 yearly. Study is to cover at least five states, including Wisconsin and California and to report on potential disincentives (for marriage or achieving independence) created by combined phase-out rates. Due 1 year after enactment. [Section 116]	Study on marriage promotion grants—process of making awards, activities undertaken, and results. Due September 30, 2006 [Section 301] Study on demographics of Indians who do not reside in Indian country or Alaska or do not receive assistance under a tribal family assistance plan. Due June 30, 2003. [Section 601]
National Academy of Sciences report	Not applicable.	No provision.	Findings on marriage promotion grants. Initial evaluation due September 30, 2006 and final report due September 30, 2008. [Section 301]
Information Systems for Federally Funded Social Services			
	Federal regulations set rules governing the “advanced planning document” process for procuring information management systems. The Office of Management and Budget (OMB) establishes rules governing the allocation of costs among programs.	No provision.	Requires a report within 1 year of enactment containing recommendations for improving laws (including regulations and guidelines) for approval of human service information systems. The report is to be made jointly by four cabinet officers (Secretaries of HHS, Agriculture, Labor, and Education), the Director of the Office of Management and Budget, and the chief administrator of any other federal agency providing federally funded social services, along with representatives of the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures. The report must review the advanced planning document process for approval of procuring information management systems, consider the merits of developing a single federal approval process for multiprogram system procurement and administration, include recommendations to improve cost allocation rules, and consider the merits of allowing state procurement standards

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			that meet or exceed federal standards to be sufficient for federal approval. [Section 710]
Waivers			
Waiver authority	<p>AFDC waivers in effect on date of enactment of TANF continue until their scheduled expiration, unless the state chooses to end them early.</p> <p>Note: As of April 1, 2002, 10 states had waivers scheduled to continue beyond September 30, 2002.</p>	<p>Establishes new demonstration authority that would allow the head of the federal agency responsible for specified programs, upon request of a state or a sub-state entity, to waive program rules for the purpose of program coordination. Programs and activities covered are TANF, Welfare-to-Work grants, SSBG, Job Opportunities for Low-Income Individuals (JOLI), the Employment Service, Title I of WIA (excluding JOB Corps), Adult Education and Family Literacy Act, CCDBG, U.S. Housing Act (excepting Section 8 rental assistance and set-asides for the elderly and disabled), Homeless Assistance Act, and the food stamp program. Specified provisions (including civil rights and labor protections, existing WIA waiver limits, non-financial food stamp rules and funding limits of appropriation bills) cannot be waived. Funds cannot be transferred to another account. Approval required by each relevant Secretary. Waiver projects must not increase federal costs. [Section 701]</p> <p>Requires the Secretary of Agriculture to establish a program to make grants for food assistance block grant demonstration projects to up to five states for 5 years. The food grants could be coordinated with TANF benefits. Projects would have to be statewide. Includes the Virgin Islands, Guam, and the District of Columbia as states. Defines food assistance as assistance that “may be used only to obtain food.” [Section 702]</p>	<p>Gives states with pre-TANF waivers that are scheduled to expire on or after October 1, 2002 the option to continue them until September 30, 2007, but requires that extended waivers comply with universal engagement and IRP requirements of the bill. Requires the HHS Secretary to approve applications from states for waiver of TANF requirements “on one or more terms similar or identical to” terms of a waiver eligible to be continued under the bill, unless the Secretary determines that approval would be inconsistent with the purposes of TANF. [Section 711]</p> <p>See also Demonstration Projects under Child Welfare (below).</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Child Care			
Mandatory funding	Entitles states to a basic block grant based on FY1992-FY1995 expenditures in welfare-related child care. Mandatory funds above this amount are provided to states on a matching basis. Appropriates entitlement (mandatory) funds for FY1997 through FY2002. (\$2.717 billion was appropriated for FY2002).	Appropriates an increase of \$1 billion over 5 years, \$2.917 billion in entitlement (mandatory) funds for each of fiscal years 2002 through 2007. [Section 208]	Appropriates \$19.1 billion (rounded) in mandatory funds over 5 years (increase of \$5.5 billion over current level – \$1 billion yearly increase to \$3.7 billion in FY2003-FY2005, and \$1.250 billion yearly increase to \$4 billion in FY2006-FY2007). In each year the first \$1 billion increase over the current level requires no state matching funds. \$10 million is reserved each fiscal year for Puerto Rico. [Section 103]
Discretionary funding	Law authorizes \$1 billion annually through FY2002 in discretionary funding under the Child Care and Development Block Grant (CCDBG). For FY2002, Congress appropriated \$2.1 billion.	Authorizes appropriation of an annual average of \$2.7 billion over 5 years for CCDBG, with the sum rising from \$2.3 billion for FY2003 to \$3.1 billion for FY2007. [Section 203] Repeals 85% of state median income eligibility limit and permits states to set income levels, “prioritized by need.” [Section 207] Requires that 6% of all CCDBG spending be used to improve quality of services. [Section 205]	No provision.
Medicaid			
Transitional medical assistance	The law requires states to make transitional benefits available for at least 6 months and up to 12 months to families who lose Medicaid eligibility because of increased hours of employment, increased earnings, or loss of a time-limited earnings disregard. To receive transitional medical assistance (TMA), a family must have received Medicaid in at least three of the 6 months immediately preceding the month in which eligibility ended. Families who meet reporting requirements and income limits (average gross monthly earnings–net of work-needed child care costs– below 185% of the federal poverty guideline) are eligible for the extra 6 months of coverage. During the second	Reduces federal payment to states for Medicaid administrative costs to fund 1-year TMA extension. [Section 902]	Extends TMA for 5 years. Permits states to provide continuous eligibility for TMA for 12 months by repealing reporting requirements, and to extend benefits for another year (a total of 24 months) to families who meet the 185% of poverty income test. Also permits states to give TMA to families not on Medicaid for 3 out of 6 preceding months. Requires states to notify families who lose TANF eligibility (or foster care eligibility) of their eligibility for continued Medicaid. If the state determines that a member of the family is ineligible for TMA, the notice must have a one-page supplement describing the various ways in which persons may qualify and must tell how to

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
	months, states may impose a premium, limit the scope of benefits, and/or use an alternative delivery system. The law does not require states to collect data on enrollment or monthly participation in TMA. Authorization for TMA expires on September 30, 2002. (In a permanent provision, the law also requires extension of Medicaid benefits for 4 months to families who lose Medicaid eligibility because of increased child or spousal support payments.)		apply for SCHIP. Requires states to collect information on average monthly enrollment and monthly participation rates for adults and children in TMA, effective 6 months after enactment. States are to submit this information to HHS and also to make it publicly available. The bill requires HHS to develop guidance for states on best practices to assure access to TMA. [Section 401]
Child Support			
Distribution of child support collections	<p>The state must pay to the federal government the federal share of child support collected on behalf of a family that receives TANF benefits, but it can decide whether to distribute any part of the state-funded share of collections to the family.</p> <p>In the case of families no longer on TANF, child support arrearages must be paid to the family before any funds are retained by the state except for (a) arrearages collected through the federal income tax refund offset program and (b) arrearages accrued while the family received TANF and the child support payment owed exceeded the TANF benefit).</p>	<p>Within limits, requires the federal government to share in the cost of child support collections distributed to TANF families (and disregarded in calculating the family's benefit) that exceed amounts distributed under policies as of December 31, 2001.</p> <p>The limits are the greater of \$100 monthly or \$50 above the amount passed through to families under policies in effect on December 31, 2001. [Section 401]</p> <p>Allows states to distribute all child support collections (including arrearages) to former TANF families, with federal cost sharing. [Section 402]</p>	<p>Requires federal sharing in the cost of child support collections distributed to TANF recipient families and disregarded as income—up to higher limits than in the House bill. The dollar limits are \$400 monthly for a family with one child and \$600 for a family with more children. [Section 501]</p> <p>Allows states to distribute arrearages collected on behalf of ex-TANF families on a “family first” basis without paying the federal government its share of this amount. (Also gives states some options about financing the state share of these payments to families.) [Section 501]</p>
Assignment of child support	As a condition of TANF eligibility, the parent or caretaker relative must assign her/his rights of child support to the state. The assignment covers child support that accrues during TANF enrollment, plus amounts accrued before enrollment.	No provision.	Limits assignment of child support to the period of TANF enrollment. [Section 501]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Report on undistributed collections	No provision.	Within 6 months of enactment of the bill, requires HHS to submit to the Committees on Ways and Means and Finance a report on the total amount of child support not yet distributed, the average length of time required for child support distribution, and procedures used to locate custodial parents for whom child support has been collected but not distributed. [Section 405]	Same as in House bill. [Section 508]
Medicaid birthing costs	No provision.	No provision	Prohibits states, effective October 1, 2004, from using the Child Support Enforcement program to collect from non-custodial parents any amount owed to the state by reason of birthing costs paid by Medicaid. [Section 501]
Child support orders	States must have procedures for review (and appropriate adjustment) of child support orders every 3 years at the request of either parent. In the case of TANF families, review also is required upon the request of the state child support agency.	Requires states to review child support orders in TANF cases every 3 years. [Section 403]	Same as in House bill. [Section 502]
Passport denial	The Secretary of State is required to deny, revoke, restrict or limit passports to noncustodial parents who have been certified by the state Child Support Enforcement agency as owing more than \$5,000 in past-due child support.	Reduces the amount of past-due child support that triggers passport denial (or revocation) to \$2,500. [Section 407]	Same as in House bill. [Section 503]
Tax refund interception	The law permits use of the Federal income tax offset program to recover past-due child support on behalf of non-welfare cases only if the child is a minor (unless the child was determined disabled while still a minor) for whom a child support order is in effect.	Permits use of the federal income tax offset program for collection of arrearages on behalf of non-welfare children who are no longer minors. [Section 408]	Same as in House bill. [Section 504]
Financing review and administrative funding	No provision.	No provision.	Appropriates \$50 million for FY2003 for any of the following: review state policies on collecting fees, review the new distribution options and prepare for their implementation, update automated systems for policy changes, improve customer service, examine causes and

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
			solutions of undistributed collections, examine the buildup of arrears and approaches to arrears management, examine approaches to improving interstate collections, develop approaches to increasing the percentage of cases with orders, and review policies for review and adjustment (of orders). State shares of the appropriation would be based on their percentage of the total Child Support Enforcement caseload, but each state would receive at least \$750,000. [Section 505]
Uniform state laws	Each state must have in effect the Uniform Interstate Family Support Act, as in effect on August 22, 1996.	No provision.	Updates this provision, requiring each state to have in effect (by October 1, 2004) the Uniform Interstate Family Support Act, as in effect on January 1, 2002. [Section 506]
Tribal child support programs	The law authorizes direct payments for child support enforcement to an Indian tribe or tribal organization that demonstrates the capacity to operate a program meeting Child Support Enforcement (CSE) objectives. HHS issued an interim final rule in August, 2000 enabling tribes that currently operate a comprehensive tribal CSE program to apply for and receive direct tribal CSE funding. At the time it announced that its final rule would also cover tribes without CSE programs and, thus, would include provisions for program development funding and start-up CSE programs.	No provision.	Requires HHS to promulgate final regulations concerning tribal CSE programs within 1 year of enactment. [Section 507]
New Hire directory use	The law gives access to information in state Directories of New Hires to state agencies administering the unemployment compensation program, TANF, food stamps; Medicaid, and SSI for the purpose of verifying eligibility.	Provides access to information in the National Directory of New Hires to state agencies administering the unemployment compensation program, effective October 1, 2003. If the state agency transmits the name and social security number of a person to the HHS Secretary, the Secretary shall disclose to the agency the name, address, and employer identification number of any putative employer of the person found in the directory.	Same as in House bill, except that the effective date is October 1, 2002. [Section 509]

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Annual CSE reports	Requires the HHS Secretary to submit annual reports of total program costs and collections (with enough detail to show the cost to the states and the federal government and the distribution of collections), costs and staff associated with the Office of Child Support Enforcement; many items of specific data—some by state (use of Parent Federal Parent Locator Service, use of the Internal Revenue Service for collections; compliance with CSE standards and the like).	No change from current law.	Beginning on January 1, 2003, requires HHS to submit to the House Ways and Means Committee and the Senate Finance Committee an annual report on the performance of state CSE programs. [Section 510]
Collection fee for non-TANF family	Non-welfare families who apply for child support enforcement services must be charged an application fee that cannot exceed \$25. States are allowed to recover costs above the fee from either the custodial or the noncustodial parent.	Requires states to impose an annual fee of \$25 for each family who has never received assistance under a state TANF program and for whom the state has collected at least \$500 in support. [Section 404]	No provision.
Garnishment of Veterans' compensation	Veterans' compensation payments are not subject to automatic withholding to pay child support (except in the rare case where a veteran foregoes some retirement pay in order to collect extra disability payments (which are tax free).	Allows veterans' disability compensation benefits to be intercepted for payment of child support on a routine basis to the custodial parent if the veteran is 60 days or more in arrears on child support payment.	No provision.
Past-due support collection from Social Security	Social security payments (and some black lung and railroad retirement benefits) can be administratively offset only to collect federal debts.	Allows collection from social security benefits (and some black lung and retirement benefits) of past-due support that is being enforced by a state. Continues current law provision exempting \$9,000 annually from the offset. [Section 410]	No provision.

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Technical assistance funding	Appropriates for CSE technical assistance described below 1% of payments received the previous year as the federal share of child support collections made on behalf of TANF families. Technical assistance activities include information dissemination, training of state and federal staff, staffing studies and research and demonstration programs.	Appropriates for CSE technical assistance the sum appropriated for FY2002 if that is greater than 1% of payments received the previous year as the federal share of child support collections made on behalf of TANF families. [Section 411]	No provision.
Federal Parent Locator Service funding	Appropriates for operation of the Federal Parent Locator Service (to the extent that costs are not recovered by user fees) 2% of payments received the previous year as the federal share of child support collections made on behalf of TANF families.	Appropriates for operation of the Federal Parent Locator Service (to the extent that costs are not recovered by user fees) the sum appropriated for FY2002 if that is greater than 2% of payments received the previous year as the federal share of child support collections made on behalf of TANF families. [Section 412]	No provision.
Child Welfare			
Child welfare demonstration projects	HHS may permit states to conduct demonstration projects that are likely to promote the objectives of Title IV-B programs (child welfare services and Promoting Safe and Stable Families) and of the Title IV-E foster care and adoption assistance program. Through FY2002 no more than 10 projects may be approved each year. There is no statutory provision limiting the number of projects for a single state, but HHS has expressed a “preference” for projects proposed by states that have not previously received a child welfare demonstration waiver and for projects that would test unique policy alternatives.	<p>Extends demonstration authority through FY2007, removes the annual limit on the number of projects, and prohibits HHS from limiting the number of child welfare waivers that may be granted to a state or the number of projects that a state may be authorized to conduct. [Sections 501, 502, and 504]</p> <p>Prohibits the HHS Secretary from denying a waiver of Title IV-B or IV-E rules on grounds that the purpose of the waiver or of the demonstration project is the same or similar to that of another waiver or demonstration project being conducted (or that might be conducted). [Section 503]</p> <p>Requires the Secretary to develop a streamlined process for consideration of amendments and extensions of child welfare demonstration projects. [Section 505] and to make child welfare waiver evaluations or reports available to any state or other interested party. [Section 506]</p>	<p>Extends demonstration authority through FY2007 and prohibits HHS from limiting the number of child welfare waivers that may be granted to a state or the number of projects that a state may be authorized to conduct. [Sections 511 and 512]</p> <p>No provision.</p>

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
Indian programs of foster care and adoption assistance for Indians	Indian tribes are not authorized to directly operate Title IV-E foster care and adoption assistance programs.	No provision.	Allows an Indian tribe, tribal organization or intertribal consortium to operate Title IV-E foster care and adoption assistance programs, generally under the same conditions as apply to states. Authorizes tribal plans to define service areas for the plan and (except in Alaska) to grant approval of foster homes on the basis of tribal standards. Requires the HHS Secretary to determine a tribe's federal reimbursement rate on the basis of the per capita income of the service population. Under specified conditions, requires a state to make foster care payments on behalf of an eligible child whose placement and care is the responsibility of an Indian tribe or intertribal consortium that does not operate its own IV-E program. (In Alaska, the option for tribal foster care programs is limited to the Metlakatla Indian Community of the Annette Islands Reserve and 12 Alaska Native regional nonprofit corporations listed as "tribes" in TANF law.) [Section 602]
Immigrants			
TANF eligibility	Noncitizens who arrive after the August 22, 1996 enactment of P.L. 104-193 generally are ineligible for federally funded TANF for the first 5 years after their entry into the U.S. Thereafter, states may decide eligibility.	No change from current law.	Allows states to give federally funded TANF to all legal aliens who entered the U.S. on or after August 22, 1996. States taking this option must deem sponsors' income available for 3 years to the alien (except for minor children, indigents, battered spouses and battered children). [Section 104]
Medicaid and SCHIP eligibility	Noncitizens who enter the U.S. after August 22, 1996 generally are ineligible for federally funded Medicaid or SCHIP for 5 years.	No change from current law.	Permits states to give Medicaid and SCHIP to pregnant women and children who are legal immigrants. [Section 402]
Report on sponsor deeming and support affidavits	No provision.	Requires the HHS Secretary; in consultation with the Attorney General, to submit to Congress a report on the enforcement of affidavits of support and sponsor deeming required by the 1996 welfare law. Due March 31, 2004. [Section 115(c)]	No provision.

	Current law	H.R. 4737 (House-passed)	H.R. 4737 (Finance Committee substitute)
State-funded health services	Prohibits state and local governments from providing various public benefits, including some health benefits to illegal aliens (non-qualified aliens) and others barred from federally funded public benefits.	No provision.	Permits state and local governments, with their own appropriated funds, to provide health benefits to any alien. [Section 403]
Verification of immigration status	Law states that, subject to some conditions, a nonprofit charitable organization is not required, in providing a public benefit, to verify an applicant's immigration status for eligibility.	No provision.	Provides that a nonprofit charitable organization, in providing a public benefit, shall not be required to verify an applicant's immigration status for eligibility. [Section 404]
Social Services Block Grant (SSBG)			
SSBG funding	Sets entitlement funding ceiling at \$1.7 billion annually (beginning in FY2001). Congress appropriated this sum for FY2002.	No change from current law.	Sets the entitlement ceiling to \$1.952 billion for FY2005 only. [Section 110] (Another Committee bill, H.R. 7 substitute, sets ceiling at \$1.975 billion for FY2003 and \$2.8 billion for FY2004.)
Supplemental Security Income			
Review of state determinations of blindness and disability	No provision	Requires the Commissioner of Social Security to review determinations made by state agencies that adult applicants became blind or disabled as of a specified onset date. Requires review of at least 15% of determinations made in FY2003, 30% of those made in FY2004 and 50% of those made in FY2005. [Section 601]	Adopts a different review schedule from that in the House bill. Requires review of at least 25% of determinations made in FY2003 and 50% in FY 2004 or thereafter. [Section 801]
Effective Date			
	Not applicable	October 1, 2002, except as otherwise provided.	October 1, 2002, except as otherwise provided.